

**Destructive Institutions Application No. 7:
USA Perverse Capitalism
Application of the Destructive Institution Framework**
by
Michael J. Fargano

In Three Parts:

- **Linkage of USA Perverse Capitalism with the COVID-19 Pandemic Crisis**
 - **The Complexes of Amoral Power Under Severe Strain –
The Driving Force for Blatant Perverse Capitalism**
- **USA Perverse Capitalism Application of Destructive Institution Contract**

**Issue 2 – Working Paper – Request for Comments
14 April 2020**

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* The workshop will be a virtual/on-line workshop due to the COVID-19 pandemic.

PREFACE

The USA *Declaration of Independence* reminds us:

5 ...*That to secure these rights* [i.e., “unalienable Rights, that among these are Life,
Liberty and the pursuit of Happiness”], *Governments are instituted... That whenever any*
Form of Government [or institutional governance] *becomes destructive of these ends, it*
is the Right of the People to alter or to abolish it, and to institute new Government [or
institutional governance]...

10 ...*Governments* [or institutional governance] *long established should not be*
changed for light and transient causes; and accordingly all experience hath
shewn, that mankind are more disposed to suffer, while evils are sufferable, than
to right themselves by abolishing the forms to which they are accustomed...

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ABSTRACT AND INTRODUCTION

This paper provides the 7th application of the *destructive institution** framework. In this case the application is to the USA perverse capitalism which has become blatant as part of the USA Federal Government response to the COVID-19 pandemic. The application of the *destructive institution contract* is provided. The recommendations in the *destructive institution* framework apply.

The *destructive institution* framework is described in the following paper and is prerequisite reading:

Destructive Institutions:

Systems-Based Commonality from Institutional Slavery to Fossil Fuel Institution (Climate Crisis) –
The Understood/Unintended Consequences of the Complex of Amoral Power (Invisible Hand)

by

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Issue 1 – Working Paper – Request for Comments

14 April 2020

The first four applications of the *destructive institution* framework are contained in the paper above. These are: (1) chattel slavery (USA historical focus); (2) climate crisis (USA and worldwide focus); (3) mass shootings crisis (USA focus); (4) opioid crisis (USA focus with potential for worldwide crisis). The first four applications were *destructive institutions for profit* applications of the *destructive institution contract*. Application No. 5 covers the worldwide ingress refugee crisis; it is the first *destructive government* application, specifically a democratic *destructive government* application; see the following paper:

Destructive Institutions Application No. 5:

Worldwide Refugee Crisis Application of the Destructive Institution Framework

by

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Application No. 6 covers the USA Federal Government Perverse Response to the COVID-19 Pandemic Crisis; this is the second democratic *destructive government* application; see the following paper:

Destructive Institutions Application No. 6:

USA Federal Government Perverse Response to the COVID-19 Pandemic Crisis

Application of the Destructive Institution Framework

by

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*Convention for this paper: all new definitions are shown in *italic*, e.g., *destructive institutions*. See the *destructive institution* framework paper for the definitions.

An understanding of the democratic *destructive government* model is a prerequisite for this paper. See the Application No. 5 paper above. The papers above can be found on the Internet Archive (<https://archive.org/>) by searching for the author's name.

5 The structure of this paper is as follows:

- Linkage of USA Perverse Capitalism with the COVID-19 Pandemic Crisis
- The Complexes of Amoral Power Under Severe Strain – The Driving Force for Blatant Perverse Capitalism
- 10 • USA Perverse Capitalism Application of Destructive Institution Contract
- Appendix: Figures

The following figures are included in the Appendix:

- 15 1. Destructive Government with Enabling and Support Structure (copied from Figure 6 in the *destructive institution* framework paper)
- 2. Democratic Destructive Government – General Model (copied from Figure 2 in the Application No. 5 paper)
- 20 3. Democratic Destructive Government with Perverse Capitalism Destructive Institution Contract

Paper Revision History

Working Paper Issue 1: 05 April 2020

25 LINKAGE OF USA PERVERSE CAPITALISM WITH THE COVID-19 PANDEMIC CRISIS

The companion application to Application No. 7 (this paper) is Application No. 6 (USA Federal Government Perverse Response to the COVID-19 Pandemic Crisis) per reference above. USA perverse capitalism is the third application of a democratic *destructive government*.

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As described in the *destructive institution* framework paper, the response of the *complex of amoral power* to strain can lead to understood damages and collateral damages which can be seen as understood or unintended consequences in society – including intended inequalities or unintended symmetries. This strain is the driving force for blatant perverse capitalism in America with corporate bailouts – and it get worst and worst every time there is a new large scale strain event. The worldwide COVID-19 pandemic is the latest example of a large scale strain event that impacts the ability for any given *complex of amoral power* to have anything near normal profits and poses an existential threat. See the Application No. 6 paper for more on the USA Federal Government Perverse Response to the COVID-19 Pandemic Crisis – Application of the Destructive Institution Framework.

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THE COMPLEXES OF AMORAL POWER UNDER SEVERE STRAIN – THE DRIVING FORCE FOR BLATANT PERVERSE CAPITALISM

The following definition is copied from the *destructive institution* framework paper:

complex of amoral power: The social complex characterized by amoral mutual self-preservation and growth relationships between and among: (1) the power of money/reward (capability), (2) the power of governmental/governance policy and enforcement (capability) and (3) the power of communications/influence (capability) that results in amoral (or corrupt) money/reward flows, government policy/enforcement actions and communications/influence transmissions. The *complex of amoral power* is the primary source of *destructive institution brainhacking*.

As described above, the worldwide COVID-19 pandemic is the latest example of a large scale strain event that impacts the ability for any given *complex of amoral power* to have normal profits and poses an existential threat. This drives the large scale extraction of money from the American citizens for corporate bailouts and the wholesale spreading of and dependence on moral hazards. In the end: winners in the market place win; losers in the market place win; the *complexes of amoral power* win; the American people (tax payers) lose. This is based on the core perverse capitalism principle of privatizing profits and socializing losses. Legalized corruption as part of the *complexes of amoral power* pays for insulation from capitalistic creative destruction (a good form of destruction in a capitalistic system to promote innovation, resiliency and growth). This results in propping up unstable or zombie corporations and leadership dependent on moral hazards – resulting in a long-term drag on the USA economy.

In the USA, the *complexes of amoral power* secured significant bailout funds in the third round of legislation in response to the COVID-19 pandemic (i.e., \$2 Trillion relief package signed into law on 27 March 2020) – with a fourth round of legislation being planned. For corporate bailouts, \$500 Billion is provided with an additional \$6 Trillion match from the Federal Reserve (USA central bank). In order to secure this without social unrest, direct funding to citizens was provided as well – because of severe strain that most citizens are under. This is based on lessons learned from the Great Recession of 2008/2009 where the *complexes of amoral power* secured significant bailout funds without significant direct support to citizens. This resulted in social unrest and launched the Tea Party movement from the right wing and Occupy Wall Street movement from the left wing.

As discussed in the *destructive institution* framework paper, the common framework of *destructive institutions* provides a window into systematic root causes of major problems and crises in America and the world, which includes the invisible hand of the *complex of amoral power* spawning understood/unintended consequences in society (e.g., understood damages or collateral damages) as it seeks self-preservation and growth. The Recommendations section of the *destructive institution* framework paper provides recommendations to address these root causes, which includes the following: Eliminate or severely disrupt the supporting *complex of amoral power*; in order to do this, their legalized corruption and supporting *destructive institution brainhacking* must be eliminated, severely disrupted or otherwise neutralized by legal means.

Given the strain to the *complexes of amoral power*, there is likely a high level of concern by them that there could be unity from the right wing and left wing populations of the USA in seeking societal fairness and seeking solutions to root cause problems as they see them. That would likely point to them

and target legalized corruption and *destructive institution brainhacking* – assuming the population is thinking somewhat rationally. That would put significant financial/profit strain and significant political/support strain on the *complexes of amoral power*. This could lead to a volatile situation with a visceral response by the *complexes of amoral power*.

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USA PERVERSE CAPITALISM APPLICATION OF DESTRUCTIVE INSTITUTION CONTRACT

- 10 Below is the application mapping of the *destructive institution contract* clauses to the USA perverse capitalism *destructive institution contract*. See **Figure 3**. Note that some of the USA Federal Government policies regarding financial support, relief and stimulus packages during a crisis (e.g., COVID-19) had benefits for the USA; however the application of the *destructive institution contract* stands regarding USA perverse capitalism; this analysis does not consider positive aspects as trade-offs
15 for the destruction.

For history and background on crony capitalism, see the following Wikipedia page:

https://en.wikipedia.org/wiki/Crony_capitalism

For history and background on bailouts, see the following Wikipedia page:

- 20 <https://en.wikipedia.org/wiki/Bailout>

For history and background on the COVID-19 pandemic, see the following Wikipedia page:

https://en.wikipedia.org/wiki/2020_coronavirus_pandemic_in_the_United_States

- 25 See the Recommendations section the *destructive institution* framework paper for general recommendations and considerations regarding *destructive institution contract* elimination.

<i>destructive institution contract</i> Clause	USA Perverse Capitalism <i>destructive institution contract</i>
A forced relationship between a <i>destructive institution core</i> and individuals, groups of individuals, general population or other institutions – set by institutional policy; where,	<u>Forced Relationship</u> : USA perverse capitalism is a forced relationship between the democratic <i>destructive government core</i> and the general population – all Americans – set by governmental policy. This is recently observable where the <i>complexes of amoral power</i> secured significant bailout funds in the third round of Federal Government legislation in response to the COVID-19 pandemic (i.e., \$2-\$6 Trillion relief package signed into law on 27 March 2020). This is with the backdrop where many of the related corporations seeking bailouts during the COVID-19 pandemic crisis were doing stock buybacks over the last several years to pump up their stock prices – rather than provide funding to make their enterprises more resilient in downturns. In addition these same corporate leaders and supporting politician (linked together by legalized corruption) promoted the virtues of “capitalism” by promoting “trickle down economic theories” that rationalized low

<i>destructive institution contract</i> Clause	USA Perverse Capitalism <i>destructive institution contract</i>
	<p>taxes for corporation and the wealthy while destroying the USA social safety net and USA balance sheet. Yet when times are difficult they seek to socialize their losses, while privatizing profits during good times – and avoid capitalistic creative destruction (a good type of destruction for the economy) via perverse capitalism and legalized corruption. This blatant perverse capitalism required direct payments to USA citizen to ease the real financial pain in the country and calm the masses. These direct payments were included in the relief package as well. This came with crafted <i>destructive institution brainhacking</i> from corrupt communicators to ease the cognitive dissonance to maintain political support for the democratic <i>destructive government</i> of perverse capitalism and <i>complexes of amoral power</i>. The <i>complexes of amoral power</i> with their dominance in society enables this <i>destructive institution contract</i> to exist for their self-preservation and growth. The push for low to no regulations, including low to no corporate resiliency regulations (to avoid government bailouts) is key to maximizing privatized profits during good times with moral hazards in play to socialize losses during bad times. This is enabled by legalized corruption (i.e., virtually out-of-control money flows that directly or indirectly supports politicians) and <i>destructive institution brainhacking</i>.</p>
<p>the <i>destructive institution core</i>, via this relationship, is characterized as performing, licensing, approving or facilitating: funding, acts and/or communications that drives the institution's core gains including financial gains that are correlated with powerful and large scale destruction; where,</p>	<p><u>Institutional Support for Core Gains:</u> The democratic <i>destructive government</i> of perverse capitalism and related <i>complexes of amoral power</i> is characterized as performing, licensing, approving or facilitating: funding, acts and/or communications that drives their core gains including political and financial gains that are correlated with powerful and large scale destruction (large scale extraction of money from the American citizens for corporate bailouts and the wholesale spreading of and dependence on moral hazards) as part of corporate and government operations, e.g., lobbying and bailouts related to the USA Federal COVID-19 pandemic crisis response. See the clause above for the high level description of USA perverse capitalism. This is supported by legalized corruption and <i>destructive institution brainhacking</i> to sustain and gain support for the democratic <i>destructive government</i> of perverse capitalism and related <i>complexes of amoral power</i>. (See</p>

<i>destructive institution contract</i> Clause	USA Perverse Capitalism <i>destructive institution contract</i>
	unalienable Rights section below for a description of the destruction).
these core gains are the rewards and reinforcement of rewards (i.e., significant control response to positive feedback) that sustains and grows further destruction; where,	<u>Reinforcement of Rewards (Positive Feedback Response)</u> : The gains for the democratic <i>destructive government</i> of perverse capitalism and related <i>complexes of amoral power</i> includes political gains from brainhacked supporters and financial gains from the large scale extraction of money from the American citizens for corporate bailouts and the wholesale spreading of and dependence on moral hazards. This provides the rewards that sustains and grows further destruction – i.e., sustains and grows further large scale blatant perverse capitalism (e.g., privatized profits and socialized losses). The democratic <i>destructive government core</i> is poorly regulated or controlled by the democratic society given the level of destruction that allows this democratic <i>destructive government</i> to exist by the people. This is sustained by legalized corruption and <i>destructive institution brainhacking</i> . The Reinforcement of Rewards (positive feedback response) of destruction for political and financial gains is a key sustaining force for the democratic <i>destructive government core</i> of USA perverse capitalism.
there is an out-of-control destruction situation (i.e., significant lack of control response to negative feedback) with malfunctioning or no control limit to the destruction (i.e.,no/poor checks) and malfunctioning or no control of the growth of destruction (i.e., no/poor balance); where,	<u>Out-of-Control Destruction (Lack of Negative Feedback Response)</u> : There is malfunctioning or no control limit to the destruction (i.e., no/poor checks) and malfunctioning or no control of the growth of destruction (i.e.,no/poor balance) with the democratic <i>destructive government</i> of perverse capitalism working with the invisible hand of the <i>complexes of amoral power</i> for their self-preservation and growth using legalized corrupt money flows and <i>destructive institution brainhacking</i> to have a large base of supporters that have no or low empathy to the destruction and human impacts such that there is not a limit to and no throttling down of perverse capitalism. The <i>destructive institution brainhacking</i> works to ease the cognitive dissonance of perverse capitalism. This is key to maintaining a large base of supporters for the democratic <i>destructive government</i> of perverse capitalism and related <i>complexes of amoral power</i> . (See unalienable Rights section below for a description of the destruction).
the security of unalienable Rights such as	<u>Destruction of Unalienable Rights</u> : The result of this

<i>destructive institution contract</i> Clause	USA Perverse Capitalism <i>destructive institution contract</i>
Life, Liberty and the pursuit of Happiness of people are neglected, degraded or destroyed; where,	<i>destructive institution contract</i> is that the democratic <i>destructive government</i> of perverse capitalism and related <i>complexes of amoral power</i> is equivalent to a tyrannical extortion force against the American people with the mass degradation or destruction of Americans unalienable Rights – including Life, Liberty and the pursuit of Happiness. This is manifest by the large scale extraction of money from the American citizens for corporate bailouts and the wholesale spreading of and dependence on moral hazards.
the relationship is unrepairable to make it right in an ethical society.	<u>The <i>destructive institution contract</i> of Perverse Capitalism is Unrepairable:</u> The <i>destructive institution contract</i> of perverse capitalism along with the <i>complexes of amoral power</i> (the invisible hand enabler) must be eliminated by legal means to make it right in an ethical society – and not attempt to repair the unrepairable.

Appendix: Figures

The following Figures are includes in this Appendix:

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1. Destructive Government with Enabling and Support Structure (copied from Figure 6 in the *destructive institution* framework paper)

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2. Democratic Destructive Government – General Model (copied from Figure 2 in the Application No. 5 paper)

3. Democratic Destructive Government with Perverse Capitalism Destructive Institution Contract

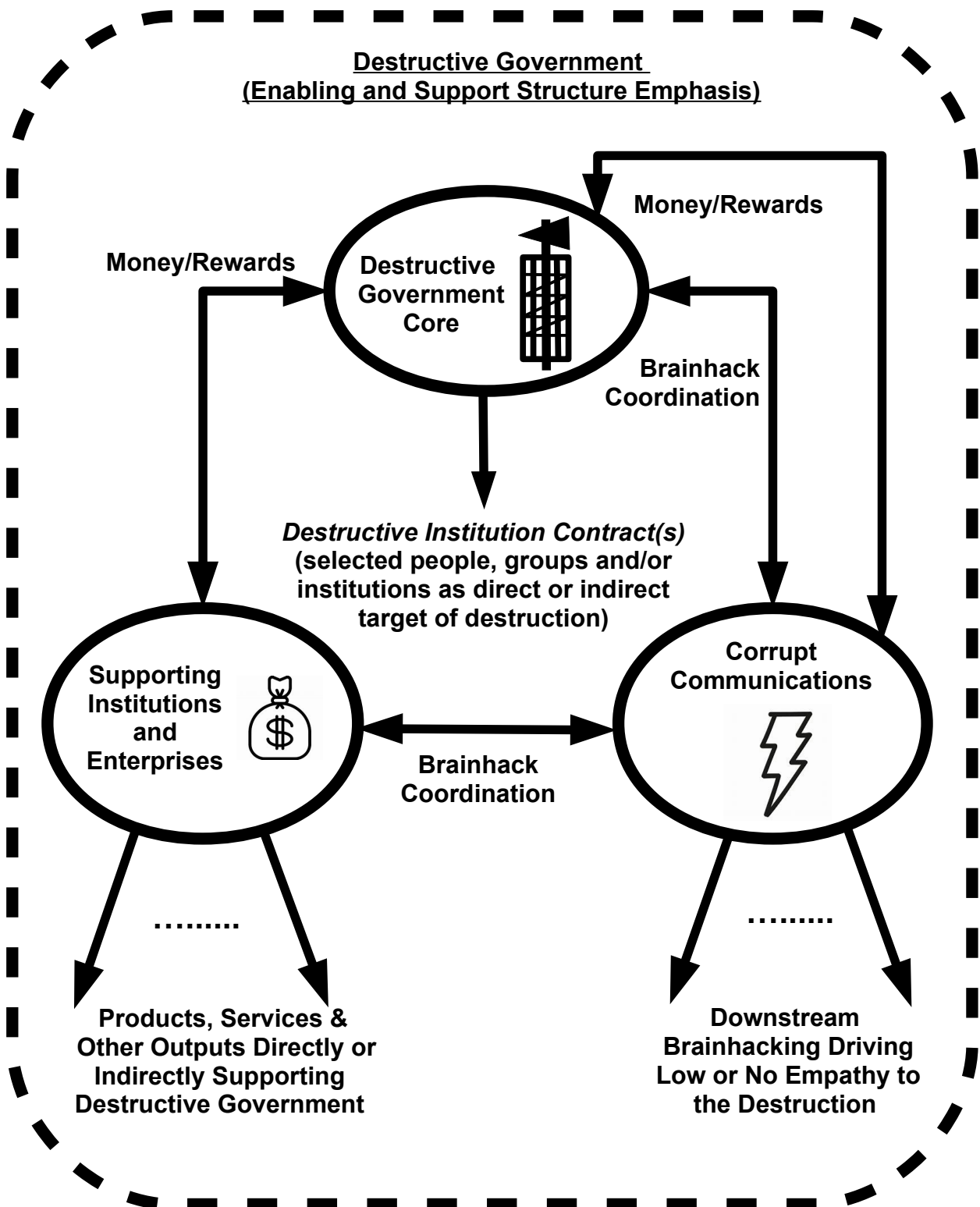


Figure 1: Destructive Government with Enabling and Support Structure (Copied from Figure 6 in *Destructive Institutions Framework Paper*)

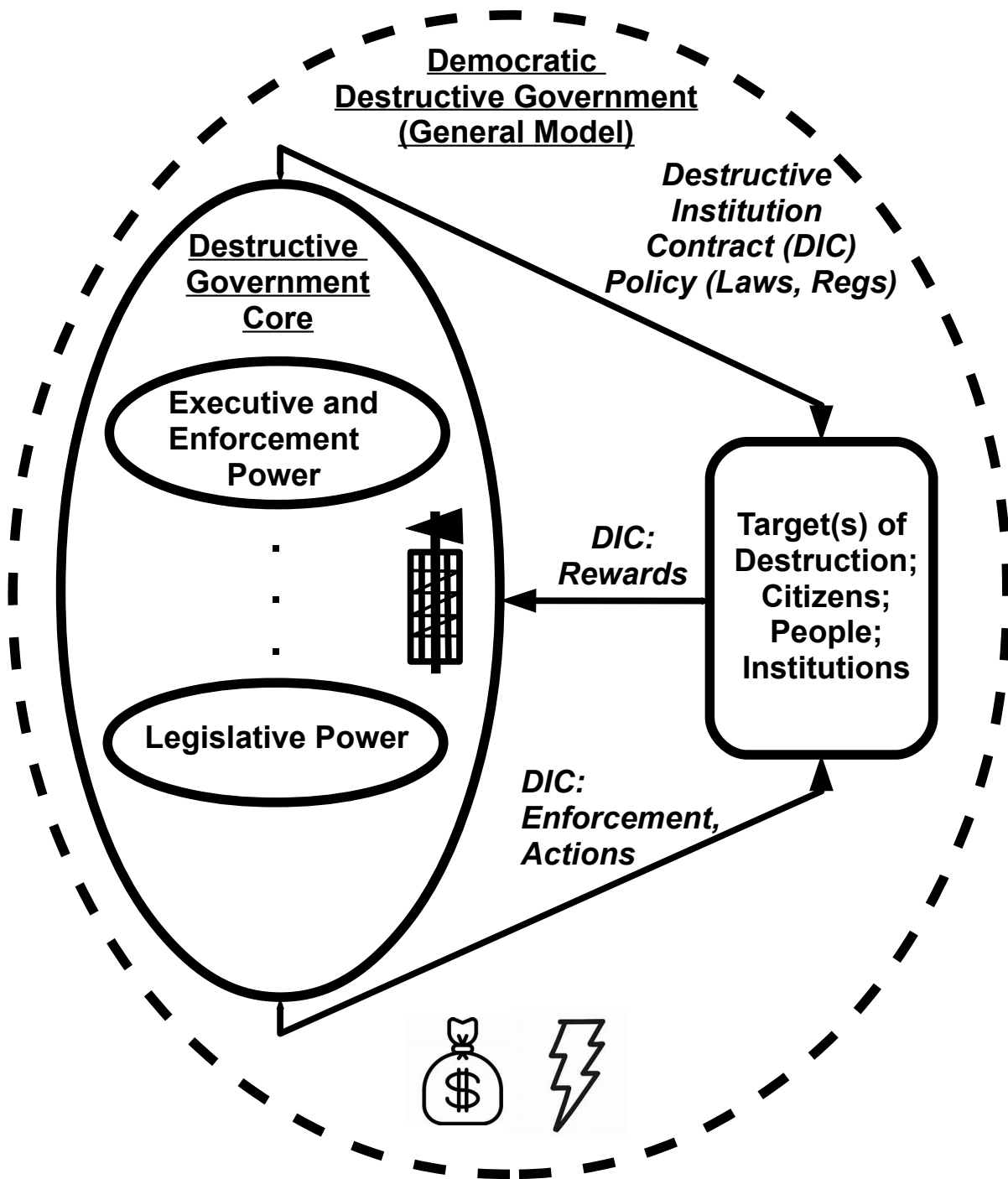


Figure 2: Democratic Destructive Government (General Model)

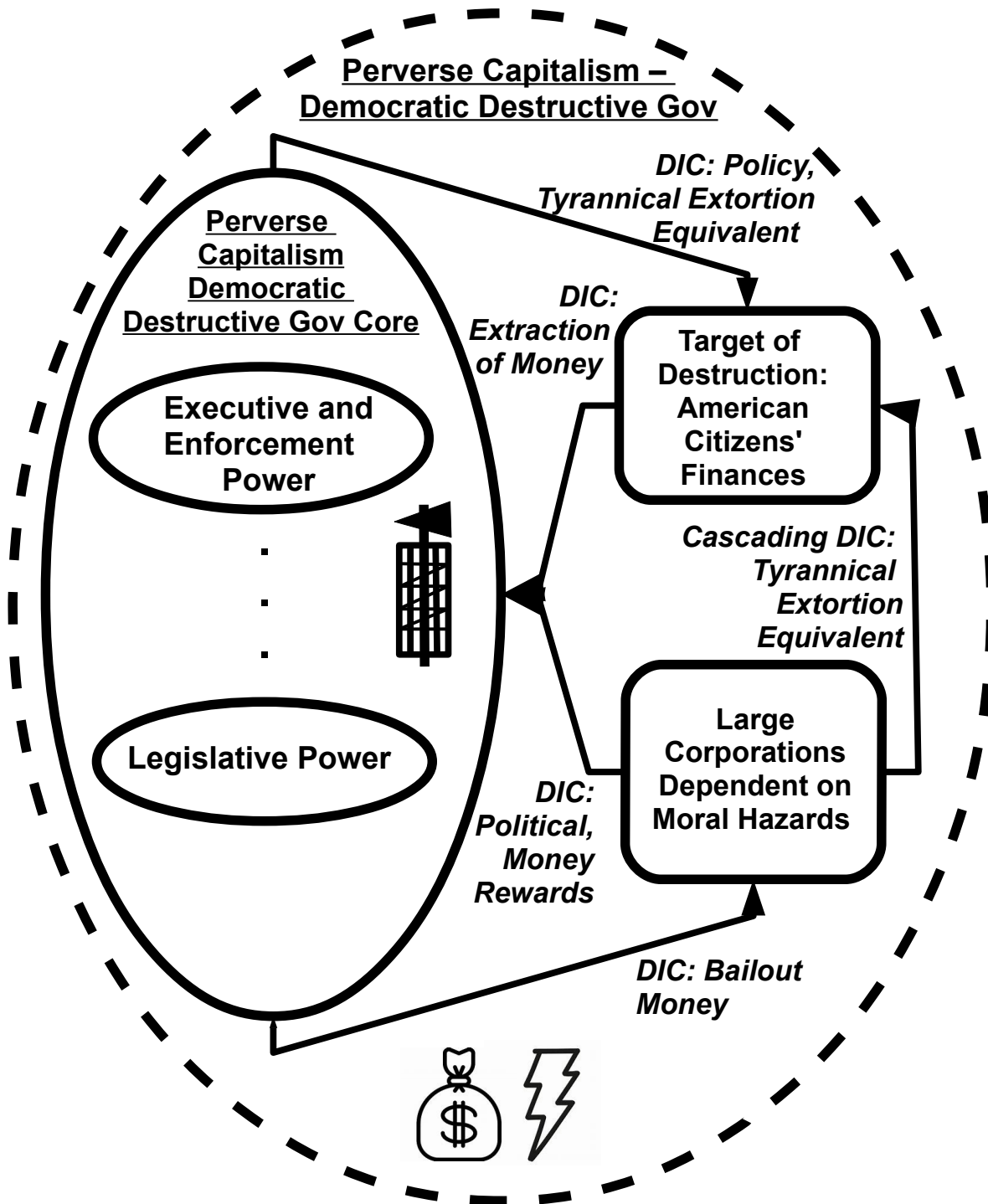


Figure 3: Democratic Destructive Government with Perverse Capitalism Destructive Institution Contract (DIC)